

Message Text

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PAGE 01 BEIRUT 11588 030815Z

12

ACTION EB-11

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INT-08 SCEM-02 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

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FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 4501

USDOC WASHDC

INFO RUESRAWIAMEMBASSY JIDDA 5782

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

USINT ALGIERS

USINT BAGHDAD

UNCLAS BEIRUT 11588

EO 11652: N/A

TAGS: ENRG BEXP IZ

SUBJ: LARGE IRAQ REFINERY EXPANSION PROGRAM ENVISIONED

REF: A-4458 OF MAY 22

SUMMARY; IRAQ HAS OUTLINED PROPOSALS FOR A LARGE TWO-STAGE REFINING EXPANSION PROGRAM. FIRST STAGE WOULD DOUBLE BASRAH REFINERY WITHIN 2 YEARS. SECOND STAGE INCLUDES STUDIES OF PROPOSALS TO BUILD ANOTHER LARGE REFINERY IN SOUTH AND LARGE, WHOLLY-OWNED OR JOINT-VENTURE REFINERIES ON MEDITERRANEAN AND ELSEWHERE NEAR

UNCLASSIFIED

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PAGE 02 BEIRUT 11588 030815Z

CONSUMING COUNTRIES. JOINT REFINERIES WOULD BE WITH ARAB OR OPEC PARTNERS.

1. BEIRUT RADE PRESS (MEES AND ARAB OIL & GAS) OF WEEKEND REPORTED ANNOUNCEMENT SEP 24 BY UNIDENTIFIED IRAQ OILMIN OFFICIAL OF PROPOSALS FOR EXTENSIVE TWO-STAGE IRAQ REFINING EXPANSION PROGRAM IN AND BEYOND IRAQ. PROPOSALS SAID TO BE NEARING FINAL FORM WITHIN GOVT OIL REFINERIES ADMINISTRATION (GORA).

2. IN FIRST STAGE, WHICH SOUNDS FAIRLY FIRM, CAPACITY OF BASRAH REFINERY WOULD BE DOUBLED FROM 150,000 TO 140,000 B/D (FROM 3.5 TO 7 MIL TON/YEAR) WITHIN 2 YEARS BY ADDITION OF DISTILLATION UNIT IDENTICAL TO EXISTING ONE. ABOUT HALF OF NEW OUTPUT WOULD BE FUEL OR DIESEL OIL FOR MARKETING LOCALLY AS SHIP BUNKERS. LIGHTER PRODUCTS COULD BE EXPORTED TO INDIA, CEYLON AND EAST AFRICA. THIS PROJECT APPARENTLY CONCERNS BASRAH REFINERY STILL UNDER CONSTRUCTION BY CZECH FIRM TECHNOEXPORT (SEE BAGHDAD 512, NOTAL).

3. SECOND STAGE TREATED AS TENTATIVE BY MEES, SLIGHTLY FIRMER BY ARAB OIL & GAS. USING OWN CRUDE AS BLENDSTOCK WITH OTHER CRUDES, PARTLY TO MEET ANTIPOLLUTION REQUIREMENTS IN CERTAIN MARKETS, IRAQIS MIGHT PARTICIPATE IN EXISTING REFINERIES ABROAD, BUILD OWN REFINERIES OR BUILD JOINT VENTURE REFINERIES ABROAD. ACCORDING MEES, OIL MINISTRY IS TO PREPARE DETAILED STUDIES OF VARIOUS PROPOSALS. POSSIBILITIES ARE:

A. NEW 200,000 B/D EXPORT REFINERY IN SOUTH IRAQI. FAO TERMINAL APPARENTLY WOULD BECOME LARGELY A PRODUCTS TERMINAL FOR EXISTING HANDY-SIZE INOC RPT INOC TANKERS. (ARAB OIL & GAS SAYS GORA "CONSIDERS OBLIGATING THE COMPANY WHICH WILL BE CHARGED WITH REALIZATION OF THIS PROJECT TO EXPORT PART OR ALL OF THE PRODUCTION".)

B. IRAQI PARTICIPATION IN EXISTING MEDITERRANEAN REFINERIES OR CONSTRUCTION OF WHILLY-OWNED OR JOINT VENTURE REFINERIES WITH AND IN ARAB STATES OR MEDITERRANEAN. PRIMARY MARKETS WOULD BE ITALY, GREECE AND EAST EUROPE, PARTICULARLY RUMANIA AND YUGOSLAVIA. SPECIFIC POSSIBILITY MENTIONED IS JOINT IRAQI-ALGERIAN REFINERY.

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PAGE 03 BEIRUT 11588 030815Z

C. CONSTRUCTION WITH OTHER OPEC COUNTRIES OF REFINERIES MIDWAY BETWEEN PRODUCING AND CONSUMING CENTERS, FOR EXAMPLE, IRAQI-INDONESIAN REFINERY TO SUPPLY JAPAN.

4. SUGGEST THAT APPROPRIATE INFO ADDRESSEES ACQUAINT AMERICAN FIRMS WITH ABOVE.
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NNN

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*** Current Classification *** UNCLASSIFIED

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